

HONORABLE MARC L. BARRECA

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON SEATTLE

In re:

KENNETH R. LORENZ and KAREN A.
LORENZ

Debtor.

CHAPTER 7

NO. 14-12159-MLB

**EX PARTE APPLICATION FOR
ORDER DIRECTING 2004
EXAMINATIONS OF DEBTOR**

Cross Key Capital LLC, a creditor of Debtors Kenneth R. Lorenz and Karen A. Lorenz, moves the Court pursuant to FRBP 2004 for an order directing Debtor Kenneth R. Lorenz ("Lorenz") to be examined under oath to obtain information regarding: (a) Lorenz's financial condition; (b) Lorenz's ability to satisfy the Judgment, including his assets, liabilities, and income; (c) Lorenz's interest in LA Structures and the activities of LA Structures; (d) Lorenz's interest in LA Interiors and the activities of LA Interiors; (e) any other matter relating to any business in which Lorenz has an interest; and (f) to require Lorenz to produce the documents set forth in the attached Proposed Order.

FACTUAL BACKGROUND

Lorenz owns and operates LA Structures Northwest LLC ("LA Structures") which entered into a Factoring and Security Agreement ("Agreement") with Cross Key Capital LLC ("Cross Key"). Lorenz signed a Continuing Guaranty of the obligations in the Agreement.

On February 27, 2014, Cross Key obtained a judgment for \$206,686.26 against Debtors and LA Structures for breach of contract and fraud (the "Judgment"). Debtors have appealed the Judgment and petitioned the court for the appointment of a general receiver for LA Structures.

EX PARTE APPLICATION FOR ORDER DIRECTING
2004 EXAMINATION - 1

NOLD ♦ MUCHINSKY PLLC
10500 NE 8th Street, Suite 930
Bellevue, WA 98004
Tel (425) 289-5555
Fax (425) 289-6666

1 Lorenz created a new entity, LA Interiors Northwest, LLC ("LA Interiors"), on or around
2 October 22, 2013. (Muchinsky Decl., Exh. A.) Despite being created in October 2013, LA Interiors'
3 website states that it was founded in 2010 – the year LA Structures was created. (Muchinsky Decl.,
4 Exh. B.) Like LA Structures, LA Interiors is a design and construction company, servicing
5 Washington, California and Hawaii. LA Interiors operates from the same location as LA Structures
6 and uses the same phone number. Even the "About Us" pages on the companies' websites are
7 substantially similar. (See Muchinsky Decl., Exhs. C-D.)

8 ARGUMENT

9 FRBP 2004(b) permits any party in interest, upon motion and court order, to examine any
10 entity with respect to acts, conduct, property, liabilities and financial condition of the Debtor, and to
11 review related documents. A Rule 2004 examination may also relate to any matter affecting the
12 administration of the Debtor's estate. FRBP 2004(b).

13 Cross Key requests that it be permitted to conduct a 2004 examination of Lorenz concerning
14 (a) Lorenz's financial condition; (b) Lorenz's ability to satisfy the Judgment, including his assets,
15 liabilities, and income; (c) Lorenz's interest in LA Structures and the activities of LA Structures; (d)
16 Lorenz's interest in LA Interiors and the activities of LA Interiors; (e) any other matter relating to any
17 business in which Lorenz has an interest; and (f) documents in the possession of Lorenz relating to
18 any or all of the topics described herein, including without limitation:

- 19 1. Debtors' tax returns from 2010 to the present;
- 20 2. LA Structures' tax returns from formation to the present;
- 21 3. LA Interiors' tax returns from formation to the present;
- 22 4. All financial business records of LA Structures and LA Interiors, including, but not
23 limited to, financial statements, income statements, balance sheets, accounts receivables, aged
24 receivable, statements of change in financial position, general ledgers, journal entries, sales, invoices,
25 other accounting records, loan applications, insurance applications and vehicle titles from the date of
formation to the present;

5. All corporate records of LA Structures and LA Interiors, including, but not limited to, Minutes of Meetings (or written consents in lieu of meetings), Articles of Incorporation and Bylaws from the date of formation until the present;

6. All documents concerning the formation of LA Structures and LA Interiors, including, but not limited to, applications, correspondence and internal memoranda; and

7. All documents concerning any transfers of property or other assets sold, transferred, gifted or otherwise in the possession of LA Interiors from LA Structures from the date of LA Interiors' formation to the present.

Accordingly, the matters upon which Cross Key intends to examine Lorenz are within the scope of FRBP 2004(b). The proposed examination relates to the property and financial condition of the Debtor, and to matters which may affect the administration, here a liquidation, of the Debtor's estate.

CONCLUSION

Cross Key respectfully requests that this Court enter an order directing Lorenz to appear and be examined under oath and further to produce documents at such times and dates as shall be set by a subpoena issued pursuant to FRBP 2004.

DATED this 20th day of May, 2014.

NOLD MUCHINSKY PLLC

/s/ Amy K. D'Amato
Brian M. Muchinsky, WSBA #31860
Amy K. D'Amato, WSBA #43076
Attorney for Cross Key Capital LLC